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FM AMEMBASSY RABAT
TO RUEHC/SECSTATE WASHDC 2632
INFO RUEHCL/AMCONSUL CASABLANCA 1146
RUEHAS/AMEMBASSY ALGIERS 3683
RUEHTU/AMEMBASSY TUNIS 8586
RUEHNK/AMEMBASSY NOUAKCHOTT 2943
RUEHFR/AMEMBASSY PARIS 3963
RUEHRO/AMEMBASSY ROME 1415
RUEHMD/AMEMBASSY MADRID 5322
RUEHLO/AMEMBASSY LONDON 2737
RUEATRS/DEPTTREAS WASHDC
RUCPDOC/DEPT OF COMMERCE WASHDC
RUEHC/DEPT OF LABOR WASHDC
RUEHRC/USDA FAS WASHDC 0839
RUEAORC/USCBP WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RUEHLMC/MILLENNIUM CHALLENGE CORP
RHMCSSU/DEPT OF ENERGY WASHINGTON DC
RUEAEPA/HQ EPA WASHINGTON DC

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DEPT ALSO FOR EB TPP, EB/IFD AND DRL/IL
STATE PASS USTR FOR DOUG BELL
STATE PASS USAID FOR JENNIFER RAGLAND
USDOC ITA/MAC/ANESA FOR DAVID ROTH
USDOC FOR FSC/OIO AND CLDP
USDOL FOR ILAB
PARIS FOR ZEYA
LONDON FOR TSOU
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SUBJECT: MOROCCO ECONOMIC HIGHLIGHTS

Maroc Telecom Revenue up 18 Percent

¶11. Maroc Telecom's 2005 fourth quarter revenue was up 18 percent over the previous year to \$574 million, mostly resulting from the strength of its mobile phone division. The company's mobile phone customer base grew 38 percent during 2005 to 8.8 million. An increase in ADSL internet lines to 242,000 helped sustain the performance of the company's fixed-line division.

Cameras to Detect Avian Flu

¶12. Thermal imaging cameras have been installed at Casablanca's Mohammed V International Airport to detect signs of avian influenza symptoms among passengers and prevent the disease from entering Morocco. Noting that avian flu has not appeared in Morocco, Health Minister Mohammed Cheikh Biadillah said the country has nonetheless ordered one million doses of antiviral drugs from France's Pasteur Institute as a precautionary measure.

Electricity for Rural Areas

¶13. The Moroccan National Electricity Office (ONE) will connect 4,500 rural villages to the national electrical grid in 2006, providing some 206,000 families with access to

power for the first time. An additional 21,000 families in 500 villages will be supplied with solar photovoltaic kits which provide power for lights and small electrical appliances like TVs and radios. These expansions will bring the level of rural electrification in Morocco to 89 percent of all villages by the end of 2006, up from just 18 percent in 1994. To do this, the ONE will invest \$4.2 billion during the 2006-2010 period.

Moving Away from Oil Subsidies

¶4. Morocco's oil imports bill rose by 65 percent in the first 11 months of 2005 compared to the previous year, costing the country \$2.46 billion. The government continues to subsidize the price of fuel in Morocco; although the GOM raised fuel prices three times in 2005 to try to reduce the gap between what the state and the consumer pay. The government is now considering establishing an indexation system under which internal prices would be directly determined by international oil prices. The GOM is also working to diversify imported energy sources, develop renewable energy, and promote oil exploration within Morocco. Diversification has helped decrease the share of oil products in the country's total energy consumption from 74 percent in 1995 to 60 percent in 2005, mostly through an increase in use of coal, the introduction of natural gas in electricity production, and the use of wind energy.

National Airline Nets Record Income

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¶5. Moroccan national airline Royal Air Maroc (RAM) earned a record \$31 million in 2005 despite high fuel prices. The company's gross income in 2005 was \$934 million, a nine percent increase over the previous year. RAM and its low-cost offshoot Atlas Blue - created in October 2004 - served 4.5 million passengers in 2005, a 20 percent increase over ¶2004.

Cost of Living up Slightly

¶6. Morocco's cost of living index rose by one percent for the year 2005, reflecting the slight increases in the prices of food products (up 0.3 percent) and non-food products (up 1.5 percent). Inflation for 2004 was 1.5 percent. 2005 inflation was highest in the south-western city of Agadir (up 1.5 percent), and central-south city of Marrakech (up 1.4 percent), while Meknes and Fez (center) registered the lowest increases.